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1 FENNEMORE CRAIG A Professional Corporation 2 Jay L. Shapiro (No. 014650)

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Jay L. Shapiro (No. 014650)
3003 North Central Avenue, Suite 2600
Phoenix, Arizona 85012

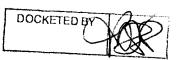
Telephone (602) 916-5000

AZ CORP COMMISSION
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Arizona Corporation Commission

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Attorneys for Pima Utility Company

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## BEFORE THE ARIZONA CORPORATION COMMISSION

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10 IN THE MATTER OF THE APPLICATION OF PIMA UTILITY COMPANY, AN

11 ARIZONA CORPORATION, FOR AUTHORITY TO: (1) ISSUE EVIDENCE OF

12 INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED \$8,370,000 IN CONNECTION

13 WITH (A) INFRASTRUCTURE

IMPROVEMENTS TO THE UTILITY

14 SYSTEM AND (B) THE PURCHASE OF EQUITY; AND (2) ENCUMBER REAL

PROPERTY AND PLANT AS SECURITY FOR SUCH INDEBTEDNESS.

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IN THE MATTER OF THE APPLICATION

17 OF PIMA UTILITY COMPANY, AN ARIZONA CORPORATION, FOR

18 AUTHORITY TO: (1) ISSUÉ EVIDENCE OF INDEBTEDNESS IN AN AMOUNT NOT TO

19 EXCEED \$8,370,000 IN CONNECTION WITH (A) INFRASTRUCTURE

20 IMPROVEMENTS TO THE UTILITY SYSTEM AND (B) THE PURCHASE OF

21 EQUITY; AND (2) ENCUMBER REAL PROPERTY AND PLANT AS SECURITY

22 FOR SUCH INDEBTEDNESS.

DOCKET NO: W-02199A-11-0403

DOCKET NO: SW-02199A-11-0404

RESPONSE TO STAFF REPORT

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Applicant, Pima Utility Company ("Pima" or "Company"), hereby submits this

25 Response to the Staff Report docketed on February 7, 2012. First, Pima does not take

exception with the Staff Report, nor does Pima object to any of Staff's recommendations.

Second, Pima wishes to advise the Commission that Pima noticed its customers via publication on November 24, 2011, and has not received any comment or request for intervention. Pima therefore submits that a hearing in this matter is not necessary.

Third and finally, Pima thanks Staff for their timely issuance of their Staff Report and respectfully urges the Commission to act promptly on this matter. Company and counsel are well aware of the agency's strained resources. However, in this case, prompt approval inures to the direct benefit of ratepayers, who will benefit from the lower cost of capital in their rates. The Commission has encouraged utilities to use low cost debt in their capital planning and Pima has secured financing at today's historically low rates. Pima respectfully requests the Commission's expedited approval of this application so that these historically low rates can be used in the pending Pima rate case (consolidated Docket Nos. W-02199A-11-0329 and SW-02199A-11-0330) to reduce the utility's overall cost of capital and the rates charged to Pima's customers.

RESPECTFULLY SUBMITTED this 15th day of February, 2012.

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FENNEMORE CRAIG, P.C.

By Jay Shapiro

3003 North Central Avenue

Suite 2600

Phoenix, Arizona 85012

Attorneys for Pima Utility Company

ORIGINAL and thirteen (13) copies of the foregoing were delivered this / day of February, 2012, to:

Docket Control Arizona Corporation Commission 1200 W. Washington St. Phoenix, AZ 85007

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FENNEMORE CRAIG
A PROFESSIONAL CORPORATION
PHOENIX

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1	COPY of the foregoing delivered this /5 <sup>th</sup> day of February, 2012, to:
2	
3	Teena Jibilian, ALJ Hearing Division Arizona Corporation Commission
4	Arizona Corporation Commission 1200 W. Washington St. Phoenix, AZ 85007
5	Robin Mitchell, Esq.
6	Nancy Scott, Esq. Legal Division
7	Arizona Corporation Commission
8	1200 W. Washington St. Phoenix, AZ 85007
9	Steve Olea, Director Utilities Division
10	Arizona Corporation Commission
11	1200 W. Washington St. Phoenix, AZ 85007
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